

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Thornapple Area Parks & Recreation Commiss	County Barry
Audit Date 6/30/04	Opinion Date 2/18/05	Date Accountant Report Submitted to State: 3/14/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Siegfried Crandall PC			
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
Accountant Signature 		ZIP 49002-5599	
		Date 3/14/05	

***Thornapple Area Parks and Recreation Commission
Barry County, Michigan***

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year ended June 30, 2004

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INDEPENDENT AUDITORS' REPORT

**Members of the Board
Thornapple Area Parks and Recreation Commission**

We have audited the accompanying financial statements of the governmental activities of Thornapple Area Parks and Recreation Commission as of and for the year ended June 30, 2004, which collectively comprise the Commission's basic financial statements as listed in the contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Thornapple Area Parks and Recreation Commission as of June 30, 2004, and the change in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 5, the Thornapple Area Parks and Recreation Commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003.

The budgetary comparison schedule is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Thornapple Area Parks and Recreation Commission has not presented a management's discussion and analysis that U.S. generally accepted accounting principles has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Siegfried Crandall P.C.

February 18, 2005

BASIC FINANCIAL STATEMENTS

Thornapple Area Parks and Recreation Commission

STATEMENT OF NET ASSETS

June 30, 2004

ASSETS

Cash	\$ 75,683
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LIABILITIES

Accounts payable	500
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Deferred revenues	<u>4,282</u>
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Total liabilities	<u>4,782</u>
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NET ASSETS - UNRESTRICTED	<u><u>\$ 70,901</u></u>
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See notes to financial statements

Thornapple Area Parks and Recreation Commission

STATEMENT OF ACTIVITIES

Year ended June 30, 2004

EXPENSES

Culture and recreation	\$ 36,918
Contribution to local units - park improvements	<u>6,834</u>
Total expenses	<u>43,752</u>

PROGRAM REVENUES

Contributions from local units	9,000
Charges for services	25,894
Other	<u>5,222</u>
Total program revenues	<u>40,116</u>

CHANGE IN NET ASSETS (3,636)

NET ASSETS - BEGINNING 74,537

NET ASSETS - ENDING \$ 70,901

See notes to financial statements

Thornapple Area Parks and Recreation Commission
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Thornapple Area Parks and Recreation Commission (the Commission) conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Commission. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Commission has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Commission's financial statements. Also, the Commission is not a component unit of any other entity.

These financial statements include all the operations of the Commission, a municipal joint venture. The Commission was created in February 2000, by an agreement entered into by the Village of Middleville, the Township of Thornapple, and Thornapple Kellogg Schools. The Commission plans, operates, and provides park and recreational programs and services for the citizens of its member municipal units. Costs of operations and park improvement expenditures are supported by contributions from the member units. Each member unit is required to make a minimum annual contribution of \$3,000. The Commission does not hold title to any capital assets - all capital assets belong to the participating member municipal units. Capital expenditures, if any, are reported as "contributions to local units - park improvements."

b) Basis of accounting:

The statement of net assets and the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by provider have been met.

c) Assets and liabilities:

i) Cash - Cash is considered to be cash on hand and demand deposits.

ii) Deferred revenues - The Commission defers revenue recognition in connection with resources that have been received, but not yet earned.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - An annual budget is adopted on a basis consistent with generally accepted accounting principles. The budget document presents information by program. The legal level of budgetary control adopted by the governing body is the functional level.

Excess of expenditures over appropriations in budgetary funds - P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The Commission appropriated \$36,000 for culture and recreation expenditures and incurred costs in the amount of \$36,918 resulting in an excess of \$918.

Thornapple Area Parks and Recreation Commission
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Commission. Michigan state statutes and the Commission's investment policy authorize the Commission to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Commission's deposits are in accordance with statutory authority. At June 30, 2004, the Commission has deposits with a carrying amount of \$75,683 and a bank balance of \$75,683. The bank balance is covered by federal depository insurance.

NOTE 4 - RISK MANAGEMENT:

The Commission is exposed to various risks of loss related to property loss and errors and omissions. The Commission has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 5 - CONSTRUCTION COMMITMENT:

At June 30, 2004, the Commission had authorized a contract, in the amount of \$40,150, to improve Riverside Park. The Commission had expended \$5,000 on the project through June 30, 2004, leaving a commitment in the amount of \$35,150. The project is to be financed by available unrestricted net assets.

NOTE 6 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective July 1, 2003, the Commission implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The Commission has applied the provisions of this statement in the accompanying financial statements. This change in accounting and reporting did not necessitate a restatement of net assets.

REQUIRED SUPPLEMENTARY INFORMATION

Thornapple Area Parks and Recreation Commission**BUDGETARY COMPARISON SCHEDULE***Year ended June 30, 2004*

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Contributions from local units	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Charges for services - recreation fees	23,000	23,000	25,894	2,894
Interest	1,000	1,000	877	(123)
Miscellaneous:				
United Way grant	8,000	8,000	3,800	(4,200)
Other	-	-	545	545
	<u>41,000</u>	<u>41,000</u>	<u>40,116</u>	<u>(884)</u>
Total revenues				
EXPENDITURES				
Culture and recreation	36,600	36,000	36,918	(918)
Contribution to other unit - park	43,000	43,000	6,834	36,166
	<u>79,600</u>	<u>79,000</u>	<u>43,752</u>	<u>35,248</u>
Total expenditures				
DEFICIENCY OF REVENUES OVER EXPENDITURES	(38,600)	(38,000)	(3,636)	34,364
FUND BALANCE - BEGINNING	<u>74,537</u>	<u>74,537</u>	<u>74,537</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 35,937</u>	<u>\$ 36,537</u>	<u>\$ 70,901</u>	<u>\$ 34,364</u>